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C O N F I D E N T I A L TIRANA 000878

SIPDIS

STATE FOR PM/WRA:DAVE DIAZ

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TAGS: [PREL](#) [PGOV](#) [MASS](#) [PARM](#) [AL](#)
SUBJECT: RFG: ADDRESSING ALBANIAN DEFMIN CONCERNS OVER
DEMIL PROGRESS

REF: A) TIRANA 830 B) SECSTATE 128582

Classified By: Ambassador John Withers for reasons 1.4 (b) and (d).

11. (U) This is an action request. See Paragraph 9.

12. (C) Summary: During Defense Minister Oketa's Dec 5 visit to Washington, he expressed concern at the lack of progress at the demilitarization site of Polican and laid part of the blame on the US contractor. This concern was based on Oketa's comparison of Polican to the demil facility of Mjekes, where the US contractor is not involved, and which is far more modernized. Oketa's perception stems from a misunderstanding of role of U.S. funding and of the history of these facilities. Mjekes is a profit-earning enterprise and has had the resources to pay for its own modernization. Polican all but ceased to function after the fall of communism and has very little resources of its own; it is thus in a serious state of disrepair. Realizing the disparity between these two facilities and newly aware of the USD 8.4 million allotted by the Department of State for demil work in Albania, Oketa became baffled that Polican, where US contractors are present, is so far behind Mjekes, which is completely self-funded. More worrisome, MoD staff traveling with Oketa later expressed to DATT their frustration with the constant tension between his MoD staff and the US contractor.

Besides the source of tension stated in reftel a, Post has observed growing tension between MoD's J-4 munitions department and other actors involved in demil and believes Oketa's concerns should be seen in this context. The Ambassador has scheduled a meeting with the Defense Minister to deliver talking points in reftel b and to address Oketa's concerns. End Summary.

THE HISTORY OF POLICAN AND MJEKES

13. (C) During communist times, Polican and Mjekes were the major military industry facilities in Albania. Mjekes produced all of Albania's explosives, while Polican produced all of Albania's munitions. During the 1980s (after the death of dictator Enver Hoxha) production decreased at both facilities. However, in 1985, a private Swedish firm signed a contract with Mjekes to renovate and re-equip the facility.

Production at Mjekes recovered and until the 1990s, the factory exported explosives (TNT, Amatol, RDX) throughout the Balkans. Since the 1990s, Mjekes has focused on civilian explosives for sale within Albania, and has consequently continued to turn a substantial profit. This was apparent during a recent trip by Poloff, DATT and ODC to Mjekes. All buildings had been freshly painted. All equipment was modern. Management staff drove new Mercedes. Employees were

well-dressed and appeared well-off.

¶4. (C) Polican, however, has not recovered from the fall of communism. It completely ceased production of high-caliber ammunition and has since only produced small quantities of low-caliber ammunition. Its only client is the state. In 2006, it tried to negotiate a sale to Hungary, but negotiations fell through. Polican's only current production is small amounts of 9mm practice rounds for local police units. During a recent visit by Poloff and DATT to Polican, the neglect was evident. Buildings were crumbling, equipment was rusted and obsolete, and employees appeared to struggle with poverty.

NAMSA

¶5. (C) In 2001, NATO's NAMSA signed an agreement to assist Albania in its demilitarization efforts. Its work was largely focused on Mjekes, where it financed further upgrades, such as an incinerator to destroy small-arms ammunition. As a result, from 2003 to 2007, the NAMSA-funded project eliminated 7,234 tons of munitions at Mjekes. Meanwhile, in 2006 NAMSA included a much smaller project at Polican in its demol assistance. NAMSA did not provide upgrades to Polican, but simply approved Polican's own plans to destroy 1,683 tons of 107mm mortar rounds, and helped finance and supervise Polican's project.

CURRENT NATIONAL DEMIL PLAN

¶6. (C) The current National Demil Plan developed by the Minister designates Polican and Mjekes as the major industrial demol sites. A crucial factor is that Mjekes and Polican are quasi-private enterprises that receive no money from the MoD budget, but must survive on their own financing. Furthermore, for Mjekes, demol is seen as a profit-making activity, since it will be allowed to keep part of the removed explosives (usually TNT) to process for sale for civilian use (Amatol). Hence, since 2007, Mjekes has used its own finances to further modernize and upgrade its facilities. Meanwhile, Polican has complained to the MoD that it has no resources to modernize or equip its facility. The MoD has responded, however, that since Polican is a non-state entity, it is not the MoD's responsibility to equip or upgrade Polican.

¶7. (C) While the Defense Minister knew of the extensive US assistance to demol in Albania, he first heard the sum of USD 8.4 million in his December 5 meetings in Washington and was surprised. It is unclear to him how this money is used, and is thus confused by the lack of modernization efforts at Polican, where the US contractor intends to help finance and supervise the destruction of 82mm rounds. See action request in para 8.

CONTINUING TENSIONS

¶8. (C) During his visit in Washington on December 6, Oketa's staff shared with DATT a larger concern over continuing tensions between MoD staff and the US contractor described in ref t a. These tensions have been focused mainly within the relationship between the General Staff J-4 munitions office (LTCs Viktor Pershqefa, Shkelqim Sena and Zenun Ferro) and the contractor Armor Group. However, Post has recently noticed an increase in tensions between the J-4 munitions office and several other offices, including the ODC contractor Cubic, leadership at Mjekes and Polican, as well as the DefMin's appointed demilitarization coordinator Fatmir Bozdo. J-4 munitions staff have told Poloff that they actively ignore and sidestep Bozdo as they consider him an "artificial creation" with no authority. They expressed their angry disapproval upon learning that the visiting EUCOM EOD officers had scheduled a meeting with Bozdo. Additionally, in the presence of the director of Mjekes, J-4 munitions director LTC Pershqefa claimed to Poloff, DATT and

ODC that because of the lack of necessary laws, all demil activity at Mjekes are illegal. J-4 staff have also stated that they do not consider the DefMin's National Demil Plan binding because it does not contain his signature. They claimed to Poloff that they will not be able to follow orders from the Minister to release munitions for destruction because such an order would be illegal unless the DefMin first gets approval through a Council of Ministers Decision (the executive body controlled by the Prime Minister). Recently, there have been several such instances where the J-4 munitions department has weighed in on legal issues that are outside its competency. This may be due to a lack of involvement by the MoD's legal department, but it has been counter-productive as the J-4 staff seem to exert more energy finding legal obstacles rather than solutions.

REQUEST FOR GUIDANCE

19. (U) The Ambassador has scheduled an appointment to address these concerns and to deliver reftel on December 16 date. Post requests Washington provide a brief summary and explanation of DOS weapons removal and abatement funding and what it goes toward that Post can share with the Minister and his staff either at the December 16 meeting or after.

WITHERS